

Minutes of the Meeting of September 29, 2017

of the

MASSACHUSETTS TEACHERS' RETIREMENT BOARD

I. Regular Matters of Business

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Associate General Counsel/Disability Case Manager Salvatore Coco, Chief Technology Officer Susan Morgan, and Executive Assistant Helen Petruzziello.

The meeting was called to order at 9:00 a.m.

The minutes of the previous Board meeting, held on August 25, 2017, were reviewed and approved as submitted on a motion made by Mr. Liston and seconded by Ms. Wass. The motion carried 7-0.

VOTED: The Open and Executive minutes of the Board meeting held on August 25, 2017, are hereby approved as submitted.

II. Executive Session

A motion was made by Mr. Naughton, and seconded by Mr. Liston, to enter into executive session in order to review applications for disability retirement. On roll call, the vote was as follows:

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| VOTED: Vice Chair Nicola Favorito | Yes |
| Jacqueline A. Gorrie | Yes |
| Richard L. Liston | Yes |
| Dennis J. Naughton | Yes |
| Joannah M. Quinn | Yes |
| Anne Wass | Yes |
| Chairman Jeff Wulfson | Yes |

At approximately 9:04 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 9:25 a.m. the Board reconvened in Open Session. The Board meeting recessed at this time to allow for the arrival of the meeting participants and reconvened at approximately 9:39 a.m.

III. Open Session

A. RETIREMENT PLUS ELECTIONS

Ms. Glaster updated the Board on the progress being made, in conjunction with the Massachusetts Teachers Association, the American Federation of Teachers-MA and the Boston Retirement Board, in drafting legislation to propose changes in the Retirement Plus election process for members who transfer in to the system.

B. EXECUTIVE DIRECTOR'S REPORT

1. Ms. Glaster noted the board materials included a copy of the letter sent to PERAC authorizing the release of certain MTRS census data to KPMG, the Commonwealth's independent auditor, necessary for the completion of the census data audits in compliance with GASB Statement No. 67. In addition, Ms. Glaster stated that the invitation, as well as the agenda, to the PRIM Board-Investor Client Conferences on November 9th was included.

2. Ms. Glaster gave a brief overview of the format for the remainder of the meeting, including the PRIT review presented by Mr. Trotsky, the Actuarial Valuation presented by Mr. Lamenzo, and concluding with a segment on issues impacting MTRS members, presented by MTRS executive staff members.

C. ANNUAL SYSTEM REVIEW AND CONSTITUENTS FORUM

Chairman Wulfson welcomed all invited speakers and participants. Attendees included speakers Michael Trotsky, Executive Director and Chief Investment Officer (CIO) and Francesco Daniele, Senior Client Services

Officer, of the Pension Reserves Investment Management Board, Joseph Connarton, Executive Director, and James Lamenzo, Actuary, of the Public Employee Retirement Administration Commission. Additionally, representatives of the various constituent groups included Paul Andrews of the Massachusetts Association of School Superintendents, Jim Lucia of Massachusetts Retirees United, Erik Champy, Robert Whalen and Anthony Moreschi of the Massachusetts Teachers Association, Glenn Koocher of the Massachusetts Association of School Committees, William Nolan and Dominique Demar of the Retired Educators Association of Massachusetts, Timothy Dooling and Michael Ruane of the State Auditor's Office, and Robert Brousseau, Elected PRIM Board Member representing the members of the Teachers' Retirement System.

Mr. Trotsky reported some recent organizational and personnel changes at PRIM and gave a review of the past year's accomplishments. He distributed copies and provided an explanation of the PRIT Fund Performance Review. Mr. Trotsky noted the past year's favorable results, which exceeded the Total Core Benchmark. He stressed the importance of balancing risk, return and cost, and discussed the strategies PRIM uses to mitigate risks and maximize returns to meet the actuarial assumed rate of return over time. He also provided an update on PRIM's cost saving initiatives.

Mr. Connarton summarized PERAC's previous year's activities, including the recent implementation of *PROSPER*, the online reporting application for retirement boards. He distributed copies of the Report of the Special Commission on Pension Forfeiture and noted that the bill sponsored by the Special Commission, S. 2074: *An Act Relative to Pension Forfeiture*, is scheduled for a hearing before the Joint Committee on Public Service on October 10th. Mr. Connarton thanked Mr. Salvie for his participation and contributions at the meetings.

Mr. Lamenzo reviewed the January 1, 2017 Teachers' Retirement System Actuarial Valuation report with the Board and guests. Mr. Lamenzo explained that he had updated the mortality assumption to the more conservative "RP 14 White Collar Table," as his analysis of recent MTRS data showed that retired teachers are living longer than he had originally anticipated. Mr. Lamenzo also noted that he did not change the actuarial assumed investment rate of return, which remained at 7.5% this year, but indicated that he may be

recommending a decrease as of the 2018 valuation. Speaking on behalf of the Board members, the Chairman acknowledged Mr. Lamenzo's Funding Progress graph showing some improvement in the funded level of the plan since 1990, but noted that the line in that graph gets flatter every year. The Chairman re-emphasized the Board's concern about the funded level of the system, and noted that although they are fiduciaries of the system, the Board lacks the authority to recommend and/or approve the system's economic, investment or demographic assumptions, all of which directly affect the funded level. That authority lies with the administration and the legislature, and the Chairman expressed the Board's continuing desire to communicate to those decision makers the need to improve the funded level of the system.

At approximately 11:45 a.m. the meeting recessed for a luncheon break, reconvening at approximately 12:05 p.m.

Ms. Glaster, Mr. Osimo, Mr. Neilon and Ms. Morgan provided an overview of current membership issues, including the shifting demographic makeup of the membership, and the service trends and progress being made on the challenges the agency has faced due to the implementation of various pension reforms. Additionally, a member enrollment initiative to assist members with enrolling online was introduced. Finally, noting the latest headlines concerning the data breaches of major firms, an explanation of the various physical and electronic security controls the agency has employed in a concentrated effort to keep its membership data secure was presented to the constituents.

On a motion made by Mr. Naughton and seconded by Ms. Wass, the Board voted unanimously to adjourn the meeting at approximately 1:03 p.m.

Respectfully submitted,

Erika M. Glaster,
Executive Director

Date

Documents used in MTRS Board meeting of September 29, 2017

- Agenda for September 29, 2017 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of August 25, 2017 MTRS Board meeting
- Memorandum pertaining to Retirement Plus Elections